

## **PUBLIC-PRIVATE COMPETITION**

- A. **PRELIMINARY PLANNING.** Before the public announcement (start date) of a streamlined or standard competition, an agency shall complete, at a minimum, the following steps:
1. **Scope.** Determine the activities and full time equivalent (FTE) positions to be competed.
  2. **Grouping.** Conduct preliminary research to determine the appropriate grouping of activities as business units (e.g., consistent with market and industry structures).
  3. **Workload Data and Systems.** Assess the availability of workload data, work units, quantifiable outputs of activities or processes, agency or industry performance standards, and other similar data. Establish data collection systems as necessary.
  4. **Baseline Costs.** Determine the activity's baseline costs as performed by the incumbent service provider.
  5. **Type of Competition.** Determine the use of a streamlined or standard competition.
    - a. An agency shall use a standard competition if, on the start date, a commercial activity is performed by:
      - (1) The agency with an aggregate of more than 65 FTEs; or
      - (2) A private sector or public reimbursable source and the agency tender will include an aggregate of more than 65 FTEs.
    - b. An agency shall use either a streamlined or standard competition if, on the start date, a commercial activity is performed by:
      - (1) The agency with an aggregate of 65 or fewer FTEs and/or any number of military personnel; or
      - (2) A private sector or public reimbursable source and the agency cost estimate (for a streamlined competition) or the agency tender (for a standard competition) will include an aggregate of 65 or fewer FTEs.
  6. **Schedule.** Develop preliminary competition and completion schedules.
  7. **Roles and Responsibilities of Participants.** Determine roles and responsibilities of participants in the process and their availability for the duration of the streamlined or standard competition.
  8. **Competition Officials.** Appoint competition officials. The CSO shall appoint competition officials for each standard competition, and, as appropriate, may appoint competition officials for streamlined competitions. The CSO shall appoint all competition officials, in writing, and shall hold these competition officials accountable for the timely and proper conduct of streamlined or standard competitions through the use of annual performance evaluations.

- a. **Agency Tender Official (ATO).** The ATO shall (1) be an inherently governmental agency official with decision-making authority; (2) comply with this circular; (3) be independent of the contracting officer (CO), source selection authority (SSA), source selection evaluation board (SSEB), and performance work statement (PWS) team; (4) develop, certify, and represent the agency tender; (5) designate the most efficient organization (MEO) team after public announcement of the standard competition; (6) provide the necessary resources and training to prepare a competitive agency tender; and (7) be a directly interested party. An agency shall ensure that the ATO has access to available resources (e.g., skilled manpower, funding) necessary to develop a competitive agency tender.
- b. **Contracting Officer (CO).** The CO shall (1) be an inherently governmental agency official; (2) comply with both the FAR and this circular; (3) be independent of the ATO, human resource advisor (HRA), and MEO team; and (4) be a member of the PWS team.
- c. **PWS (Performance Work Statement) Team Leader.** The PWS team leader shall (1) be an inherently governmental agency official; (2) comply with both the FAR and this circular; (3) be independent of the ATO, HRA and MEO team; (4) develop the PWS and quality assurance surveillance plan; (5) determine government-furnished property (GFP); (6) assist the CO in developing the solicitation; and (7) assist in implementing the performance decision.
- d. **Human Resource Advisor (HRA).** The HRA shall (1) be an inherently governmental agency official and a human resource expert; (2) comply with this circular; (3) be independent of the CO, SSA, PWS team, and SSEB; (4) participate on the MEO team; and (5) be responsible for the following:
  - (1) **Employee and Labor-Relations Requirements.** The HRA shall, at a minimum, perform the following (a) interface with directly affected employees (and their representatives) from the date of public announcement until full implementation of the performance decision; (b) identify adversely affected employees; (c) accomplish employee placement entitlements in accordance with 5 C.F.R. Part 351 (reduction-in-force procedures); (d) provide post-employment restrictions to employees; (e) determine agency priority considerations for vacant positions and establish a reemployment priority list(s) in accordance with 5 C.F.R. Part 330; and (f) provide the CO with a list of the agency's adversely affected employees, as required by this attachment and FAR 7.305(c) regarding the right of first refusal for a private sector performance decision.
  - (2) **MEO Team Requirements.** The HRA shall assist the ATO and MEO team in developing the agency tender. During development of the agency tender, the HRA shall be responsible for (a) scheduling sufficient time in competition milestones to accomplish potential human resource actions in accordance with 5 C.F.R. Part 351; (b) advising the ATO and MEO team on position classification restrictions; (c) classifying position descriptions, including exemptions based on the Fair Labor Standards Act (d) performing labor market analysis to determine the availability of sufficient labor to staff the MEO and implement the phase-in plan; (e) assisting in the development of the agency cost estimate by providing annual salaries, wages, night differentials, and premium pay; (f) assisting in the development of the timing for the phase-in plan based on MEO requirements; and (g) developing an employee transition plan for the incumbent agency organization early in the standard competition process.

- e. **Source Selection Authority (SSA).** The SSA shall (1) be an inherently governmental agency official appointed in accordance with FAR Part 15.303; (2) comply with both the FAR and this circular when performing a streamlined and standard competition; and (3) be independent of the ATO, HRA, and MEO team. The SSA shall not appoint an SSEB until after public announcement.
- 9. **Incumbent Service Providers.** Inform any incumbent service providers of the date that the public announcement will be made.

**B. PUBLIC ANNOUNCEMENTS.**

- 1. **Start Date (Public Announcement Date).** An agency shall make a formal public announcement (at the local level and via *FedBizOpps.gov*) for each streamlined or standard competition. The public announcement shall include, at the minimum, the agency, agency component, location, type of competition (streamlined or standard), activity being competed, incumbent service providers, number of government personnel performing the activity, name of the CSO, name of the contracting officer, name of the ATO, and projected end date of the competition. The public announcement date is the official start date for a streamlined or standard competition.
- 2. **End Date (Performance Decision Date).** An agency shall make a formal public announcement (at the local level and via *FedBizOpps.gov*) of the streamlined or standard competition performance decision. The performance decision date is the official end date for a streamlined or standard competition. The end date of a streamlined competition shall be the date that all SLCF certifications are complete, signifying a performance decision. The end date of a standard competition shall be the date that all SCF certifications are complete, signifying a performance decision.
- 3. **Cancellations.**
  - a. **Cancellation of a Streamlined or Standard Competition.** The CSO (without delegation) may approve, in writing, the cancellation of a streamlined or standard competition. After approval by the CSO, the CO shall publish a cancellation notice that includes rationale for the cancellation at *FedBizOpps.gov* and the HRA shall notify directly affected employees and their representatives of the cancellation. No cancellation is necessary prior to public announcement of a streamlined or standard competition.
  - b. **Cancellation of a Solicitation.** The CO shall be responsible for canceling a solicitation in accordance with the FAR, and shall publish a cancellation notice at *FedBizOpps.gov*. The HRA shall notify directly affected employees and their representatives of the cancellation. The cancellation of a solicitation does not result in the cancellation of a streamlined or standard competition.

C. STREAMLINED COMPETITION PROCEDURES.

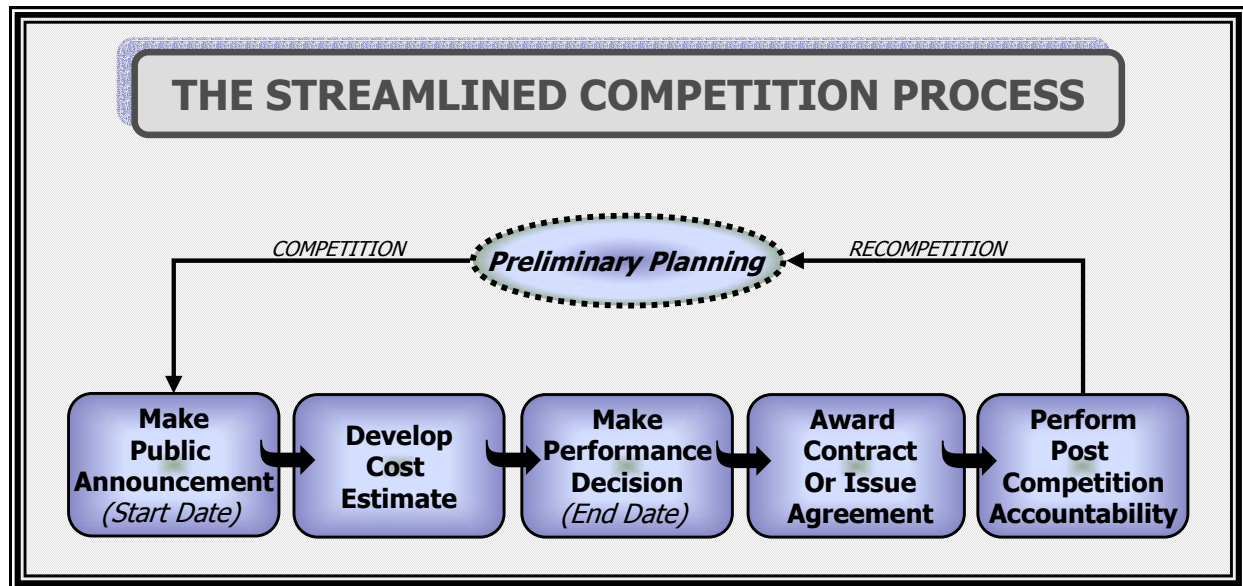


Figure B1.

1. **Streamlined Competition Form (SLCF).** After public announcement, an agency shall calculate, compare, and certify costs based upon the scope and requirements of the activity to determine and document a cost-effective performance decision by completing the SLCF as follows:
  - a. **Cost of Agency Performance.** An agency shall calculate and certify the cost of performing the activity with government personnel in accordance with Attachment C for a minimum of three performance periods by completing SLCF Lines 1, 2, 3 (limited to awarded contracts supporting agency performance of the activity), 4, and 6. An agency may base the agency cost estimate on the incumbent activity; however, an agency is encouraged develop a more efficient organization, which may be an MEO.
  - b. **Cost of Private Sector/Public Reimbursable Performance.** An agency shall determine an estimated contract price for performing the activity with a private sector source, using documented market research or soliciting cost proposals in accordance with the FAR. An agency may also determine an estimated cost for performing the activity with a public reimbursable source by calculating (or requesting that a public reimbursable source calculate) SLCF Lines 1a, 2a, 3a (limited to awarded contracts), 4a, and 6a. An agency shall enter and certify an estimated contract price or public reimbursable cost on SLCF Line 7 in accordance with Attachment C for a minimum of three performance periods.
  - c. **Adjusted Cost Estimate.** An agency shall calculate and certify the adjusted costs for SLCF Lines 8, 12, 13, and 17 to determine and certify a cost effective source as reflected on SLCF Line 18 in accordance with Attachment C. An agency shall not calculate any other SLCF lines for a streamlined competition.

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**D. STANDARD COMPETITION PROCEDURES.**

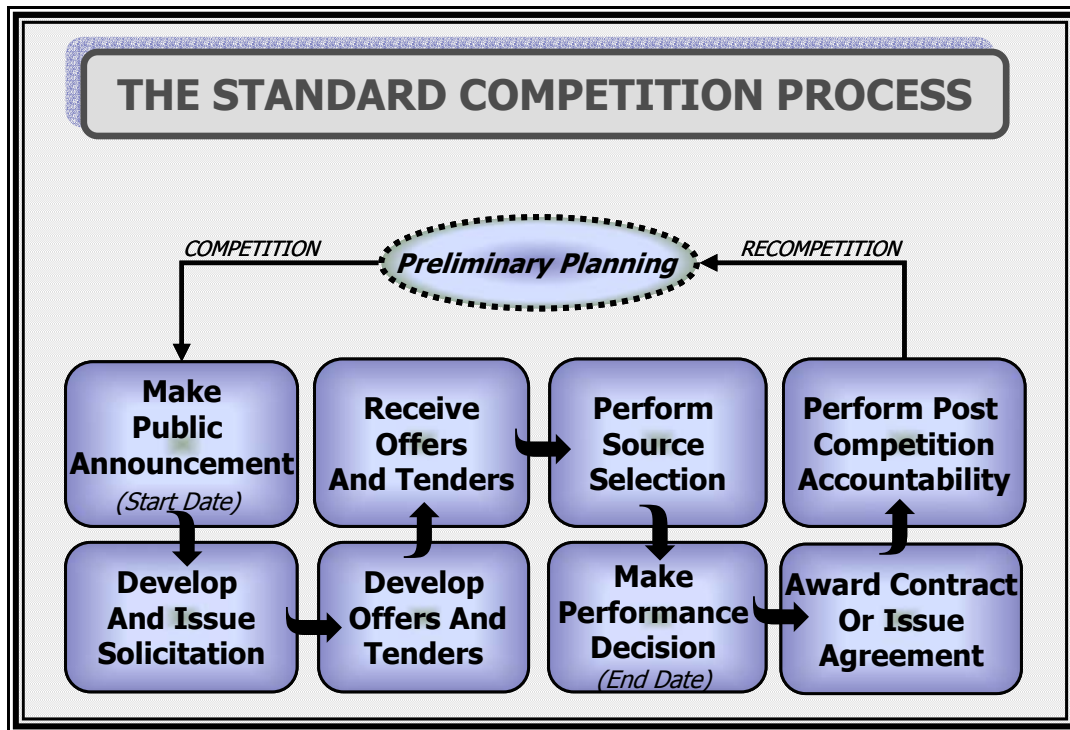


Figure B2.

1. **Time Limit.** A standard competition shall not exceed 12 months from public announcement (start date) to performance decision (end date) unless the CSO (without delegation) grants a time limit waiver. Before the public announcement of each standard competition, the CSO may grant a time limit waiver, in writing, allowing a specific standard competition to exceed the 12 month time limit by no more than 6 months, for a maximum of 18 months from public announcement (start date) to performance decision (end date). The CSO may only grant a time limit waiver if the CSO (a) expects the standard competition to be particularly complex; (b) signs the time limit waiver before public announcement; and (c) provides a copy of the time limit waiver to the Deputy Director for Management, OMB, before public announcement. If an agency exceeds these time limits, including any extension that is the subject of the CSO's waiver, the CSO (without delegation) shall notify the Deputy Director for Management, OMB, in writing.
2. **Team Designations, Responsibilities, and Restrictions.**
  - a. **Performance Work Statement (PWS) Team.** After public announcement, the PWS team leader shall appoint a PWS team comprised of technical and functional experts. The PWS team shall comply with the FAR and this circular, and assist the PWS team leader with (1) developing the PWS including supporting workload data, performance standards, and any information relating to the activity being competed; (2) determining GFP; (3) assisting in the CO's development of the solicitation; (4) developing a quality assurance surveillance plan and, as required, updating this plan based on the performance decision; and (7) implementing the performance decision. The PWS team leader shall make all final management decisions regarding the PWS, GFP, and the quality assurance surveillance plan. Other individuals with

expertise in management analysis, work measurement, value engineering (see OMB Circular A-131), industrial engineering, cost analysis, procurement, and the technical aspects of the activity may also assist this team. Directly affected government personnel (and their representatives) may participate on the PWS team; however, to avoid any appearance of a conflict of interest, members of the PWS team (including, but not limited to, advisors and consultants) shall not be members of the MEO team.

- b. Most Efficient Organization (MEO) Team.** After public announcement, the ATO shall appoint an MEO team comprised of technical and functional experts. The MEO team shall comply with this circular and assist the ATO in developing the agency tender. The ATO shall make all final management decisions regarding the agency tender. Other individuals with expertise in management analysis, position classification, work measurement, value engineering (see OMB Circular A-131), industrial engineering, cost analysis, procurement, and the technical aspects of the activity may also assist this team. Directly affected government personnel (and their representatives) may participate on the MEO team; however, to avoid any appearance of a conflict of interest, members of the MEO team (including, but not limited to, the ATO, HRA, advisors and consultants) shall not be members of the PWS team.
- c. Source Selection Evaluation Board (SSEB).** After public announcement of a standard competition that will be a negotiated procurement, the SSA shall appoint an evaluation team (referred to as the SSEB) in accordance FAR Subpart 15.303. The SSA shall ensure that the SSEB complies with the source selection requirements of the FAR and this attachment. PWS team members who are not directly affected government personnel may participate on the SSEB. Directly affected personnel (and their representatives) and any individual (including, but not limited to, the ATO, HRA, MEO team members, advisors, and consultants) with knowledge of the agency tender (including the MEO and agency cost estimate) shall not participate in any manner on the SSEB (e.g., as members or advisors).

### **3. The Solicitation and Quality Assurance Surveillance Plan.**

- a. Solicitation.** An agency shall not issue a solicitation that places any prospective provider at an unfair competitive advantage. When developing and issuing a solicitation for a standard competition, the CO shall comply with the FAR and the following:

  - (1) Review and Release of Information.** An agency is encouraged to post a draft of the PWS or solicitation for public review and comment, including review and comment by directly affected employees and representatives of directly affected employees. All releases of the PWS and solicitation, including drafts, shall be by the CO. Information that is developed by the ATO or MEO team shall be considered procurement sensitive. With the exception of information related to the performance or productivity of the incumbent agency organization, historical data or other existing information that is available to the ATO or MEO team shall be made available to all prospective providers.
  - (2) FAR Provisions.** The CO, in consultation with the PWS team, shall determine the acquisition strategy in accordance with FAR Part 7, which may include the use of FAR Parts 6, 14, 15, or 36. When the agency is the incumbent service provider, the CO shall comply with FAR 7.305(c) regarding the right of first refusal. The CO shall comply

with FAR Subpart 22.10 to obtain the applicable wage determinations from the Department of Labor.

- (3) **Acquisition Process and Source Selection Provisions.** The CO shall identify in the solicitation whether the acquisition procedures will be sealed bid or negotiated procedures. If negotiated procedures will be used, the CO shall identify in the solicitation the type of source selection process (i.e., lowest price technically acceptable, phased evaluation, tradeoff).

  - (a) **Evaluation Factors.** All evaluation factors shall be clearly identified in the solicitation. To the extent practicable, evaluation factors shall be limited to commonly used factors (e.g., a demonstrated understanding of the government's requirements, technical approach, management capabilities, personnel qualifications, manufacturing plan, facilities and equipment). No solicitation shall include evaluation factors that could provide an unfair advantage for or inherently benefit a prospective provider, public or private.
  - (b) **Tradeoff Source Selection Solicitation Provisions.** For tradeoff source selections, the solicitation shall identify the specific weight given evaluation factors and sub-factors, including cost or price. The specific weight given to cost or price shall be at least equal to all other evaluation factors combined unless quantifiable performance measures can be used to assess value and can be independently evaluated. The quality of competition will be enhanced by using, to the extent practicable, evaluation factors and sub-factors susceptible to objective measurement or evaluation. To encourage prospective providers to submit offers and tenders that fall within budgetary constraints, an agency may include a not-to-exceed cost clause in the solicitation.
- (4) **Solicitation Provisions Unique to the Agency Tender.** A solicitation shall state that the agency tender is not required to include (a) a labor strike plan; (b) a small business strategy; (c) a subcontracting plan goal; (d) participation of small disadvantaged businesses; (e) licensing or other certifications; and (f) past performance information (unless the agency tender is based on an MEO that has been implemented in accordance with this circular or a previous OMB Circular A-76).
- (5) **Solicitation Closing Date.** The date for delivery of offers and tenders shall be the same.
- (6) **Compliance Matrix.** To decrease the complexity of performing source selections, the CO may include a cross-reference compliance matrix in section L of the solicitation (see Figure B3. below). A compliance matrix should clearly identify proposal reference information as it relates to the PWS, contract line item numbers (CLIN), solicitation sections L and M, proposal volume and section, and, if appropriate, contract data requirements list (CDRL) references. This matrix should be modified to account for proposed performance standards that differ from the requirements in a solicitation.



Example Compliance Matrix						
This matrix is included in the solicitation with the following sections completed.						Prospective Providers complete the section below.
DESCRIPTION	CLIN	CDRL	PWS	SECTION L	SECTION M	PROPOSAL VOLUME AND PARAGRAPH #
Administrative Support		(optional)	1.1	4.3	F1, 1.5.1	
Records Management			1.1.1	4.3.1	F1, SF1	
Forms and Publications			1.1.2	4.3.2	F1, 1.5.1.2	
Operations & Maintenance			1.2	4.4	F2 1.5.2	
Equipment Records			1.2.1.1	4.4.2	F2, SF2	
Maintenance Analysis			1.2.2	4.4.3	SF3 1.5.2.3	
Data Base Management			1.2.2.1	4.4.4	SF4, 1.5.2.4	
Price				5.0	1.5.3	
Performance Risk Assessment				7.0	1.5.4	

Figure B3.

- (7) **Performance Periods.** An agency shall use a minimum of three full years of performance, excluding the phase-in period, in a standard competition. An agency shall not use performance periods for the agency tender that differ from performance periods for private sector offers and public reimbursable tenders. The CSO shall obtain prior written approval from OMB to use performance periods that exceed five years (excluding the phase-in period).
- (8) **Government-Furnished Property (GFP).** The PWS team shall be responsible for determining whether the agency will make government property available to all prospective providers. Agency determinations to provide or not provide GFP shall be justified, in writing, and approved by the CSO. Consistent with FAR 45.102 and FAR Subpart 45.3, solicitations may offer the use of existing government facilities and equipment and may make such use mandatory. The determination to provide government property shall not be used to influence the outcome of the competition. The ATO, MEO team, and any individual assisting in the development of the agency tender, shall not be involved in the determination to provide GFP.
- (9) **Common Costs.** The CO shall identify common costs in the solicitation.
- (10) **Performance Bond.** If an agency requires a private sector source to include a performance bond, the CO shall obtain prior written approval from the CSO. The CO shall include in the solicitation a separate CLIN for the cost of the performance bond. The CO shall exclude the cost of the performance bond from the contract price before entering the contract price on SCF Line 7.
- (11) **Incentive Fee.** In a solicitation for an incentive fee contract, the CO shall require the private sector offeror to propose a target cost and target profit or fee. The CO shall include the target cost and target profit or fee on SCF Line 7.
- (12) **Award Fee.** For solicitations with an award fee for all prospective providers, including the agency tender, the CSO shall determine if procedures are in place permitting an agency tender to receive such an award fee.

- (13) **Phase-in Plan.** The CO shall include in the solicitation a separate CLIN for a phase-in plan. Private sector, public reimbursable and agency sources shall propose a phase-in plan to replace the incumbent service provider. The CO shall designate the phase-in period as the first performance period (see Attachment C). The CLIN is limited to the phase-in costs associated with phase-in actions as documented in the phase-in plan. Phase-in plans shall include details to minimize disruption and start-up requirements. The phase-in plan shall consider recruiting, hiring, training, security limitations, and any other special considerations of the prospective providers to reflect a phase-in period of realistic length and requirements.
- (14) **Quality Control Plan.** The CO shall include in the solicitation a requirement for prospective providers to include a quality control plan in offers and tenders.
- b. **Quality Assurance Surveillance Plan.** The PWS team shall develop the quality assurance surveillance plan, which identifies the methods the government will use to measure the performance of the service provider against the requirements of the PWS.
- c. **Competition File.** An agency shall retain the documents created for the standard competition. This competition file shall be included in the government contract files in accordance with FAR Subpart 4.8, regardless of the performance decision.
4. **The Agency Tender, Private Sector Offers, and Public Reimbursable Tenders.**
- a. **Agency Tender.** The agency tender is the agency's response to the solicitation.
- (1) **Developing the Agency Tender.** The ATO shall develop an agency tender that responds to the requirements of the solicitation, including section L (Instructions, Conditions, and Notices to Offerors or Respondents) and section M (Evaluation Factors for Award). In addition to the requirements of the solicitation, the agency tender shall include the following (a) an MEO; (b) a certified agency cost estimate developed in accordance with Attachment C (the agency's cost proposal); (c) the MEO's quality control plan; (d) the MEO's phase-in plan; and (e) copies of any existing, awarded MEO subcontracts (with the private sector providers' proprietary information redacted). The ATO shall provide the certified agency tender in a sealed package to the CO by the solicitation closing date. If the solicitation states that prospective providers may propose alternate performance standards that differ from the solicitation's performance standards, the ATO may propose alternate performance standards in the agency tender.
- (a) **Most Efficient Organization (MEO).** The MEO is an agency's staffing plan as identified in the agency tender. The MEO is not usually a representation of the incumbent organization, but is the product of management analyses that include, but are not limited to, activity based costing, business case analysis, consolidation, functionality assessment, industrial engineering, market research, productivity assessment, reengineering, reinvention, utilization studies, and value engineering. The HRA shall develop and classify new position descriptions based on the MEO, but the agency shall not hire employees to staff these positions unless the agency is the selected provider. An MEO may be comprised of either (1) government personnel or (2) a mix of government personnel and MEO subcontracts (see Attachment D). Agencies shall not include new MEO subcontracts that would

result in the direct conversion of work performed by government employees. Other elements of the MEO include an organization chart reflecting the MEO; position descriptions classified by the HRA for positions projected to be in the MEO; a description of the organization that will execute the quality control plan; MEO equipment, supplies, material, and facilities; and specific details of MEO subcontracts.

- (b) **Agency Cost Estimate.** The ATO shall develop and certify the agency cost estimate (the agency's cost proposal) in accordance with Attachment C, using the COMPARE costing software. The ATO shall not make changes to the agency cost estimate except as provided in paragraph, "Changes to the Agency Tender," below.
- (c) **Quality Control Plan.** The ATO shall include a quality control plan in the agency tender, as required by the solicitation. The quality control plan shall, at a minimum, include (1) an MEO self-inspection plan; (2) MEO internal staffing (which shall be included in the agency cost estimate for personnel costs on SCF Line 1); and (3) procedures that the MEO will use to meet the quality, quantity, timeliness, responsiveness, customer satisfaction, and other requirements of the solicitation.
- (d) **Phase-in Plan.** The ATO shall include a phase-in plan in the agency tender, as required by the solicitation, to replace the incumbent service provider with the MEO, even if the agency is the incumbent service provider. The ATO shall include phase-in costs for the agency tender on SCF Lines 1-6.
- (2) **Submission of the Agency Tender.** The ATO shall deliver the agency tender to the CO in a sealed package by the solicitation closing date. If the ATO does not anticipate submitting the agency tender to the CO by the solicitation closing date, the ATO shall notify the CO as soon as possible before the solicitation closing date. The CO, in consultation with the CSO, shall determine if amending the solicitation closing date is in the best interest of the government.
- (3) **Changes to the Agency Tender.** After the solicitation closing date, only the ATO may make changes to the agency tender, and such changes shall only be in response to the following (a) a solicitation amendment issued in accordance with the FAR; (b) the CO's request for final proposal revisions to offers and tenders in accordance with FAR 15.307; (c) official changes to the standard cost factors identified in Attachment C; (d) version upgrades to the COMPARE costing software issued by the Department of Defense; or (e) resolution of a contest challenging a performance decision as provided by this attachment. The CO shall retain documentation regarding any changes to the agency tender as part of the competition file and in a form suitable for audit.
- (4) **Procurement Sensitivity.** After resolution of a contest (see paragraph on "Release of the Certified SCF and Tenders" in this attachment), or the expiration of the time for filing a contest, an agency tender shall be made available to the public, upon request. If an agency tender includes any subcontracts, the agency shall not release proprietary information contained in these MEO subcontracts.

b. **Private Sector Offers.** Private sector offers respond as required by the solicitation.

- c. Public Reimbursable Tenders.** When responding to another agency's solicitation, a public reimbursable source shall develop a public reimbursable tender that responds to the requirements of the solicitation, including section L (Instructions, Conditions, and Notices to Offerors or Respondents) and section M (Evaluation Factors for Award). In addition to the requirements of the solicitation, the public reimbursable tender shall include the following (1) a certified cost estimate developed in accordance with Attachment C (the public reimbursable source's cost proposal); (2) a quality control plan, (3) a phase-in plan, and (4) copies of any existing, awarded contracts that are included in the tender (with the private sector provider's proprietary information redacted). A public reimbursable tender may be comprised of either (1) government personnel or (2) a mix of government personnel and existing, awarded contracts. Submission of, and changes to, a public reimbursable tender, as well as the procurement sensitivity of the public reimbursable tender, shall be subject to the corresponding provisions of this attachment applicable to the agency tender (see above).
- d. No Satisfactory Private Sector or Public Reimbursable Source.** If an agency attempts to perform a standard competition, but does not receive private sector offers or public reimbursable tenders, determines that all offers and public reimbursable tenders are non-responsive, or determines that prospective providers are not responsible, the agency shall take the following actions:
- (1) Determine Reasons.** The CO shall consult with private sector sources to identify (a) restrictive, vague, confusing, or misleading portions of the solicitation; (b) the reasons provided by sources for not submitting responses; and (c) possible revisions to the solicitation to enhance competition. The CO shall, in writing, describe the results of these consultations and propose a course of action to the CSO.
  - (2) Required Action.** The CSO shall evaluate the CO's written documentation and make a written determination to either (a) revise the solicitation or (b) implement the agency tender. If revising a solicitation would result in exceeding the established time limit for the standard competition, the CSO (without delegation) shall consult with the Deputy Director for Management, OMB. The CO's written documentation, as well as the CSO's decision to either revise the solicitation or implement the agency tender, shall be retained as part of the competition file.
    - (a) Revise the Solicitation.** Before revising or reissuing the solicitation, the CO shall return the sealed agency tender to the ATO. The CO shall then revise and reissue the solicitation.
    - (b) Implement the Agency Tender.** If the CSO decides to implement the agency tender, the CO shall proceed to evaluate the agency tender as required by this attachment and the solicitation. The agency shall complete the SCF, leaving Line 7 blank, omit the costs on lines 8-12 and annotate "agency" on Line 18. The SSA shall state, in the certification on the SCF, that the CSO implemented the agency tender because (1) the agency received no offers or tenders in response to the solicitation; (2) no offers or tenders received were responsive; or (3) no prospective providers were responsible. The SSA and CO shall sign the SCF to certify the performance decision and retain the SCF and agency tender with the competition file. The agency shall make a public announcement of the performance decision (at the local level and via *FedBizOpps.gov*). The CO shall make the SCF (including the documentation of no satisfactory private sector source) available to the public, upon

request. The CO shall notify the ATO of the performance decision and the HRA shall notify directly affected employees (and their representatives).

5. **The Source Selection Process and Performance Decision.** An agency shall select one of the procedures described below to conduct a standard competition and shall not employ any other procedure in conducting the standard competition.
  - a. **Sealed Bid Acquisition.** An agency shall conduct a sealed bid acquisition in accordance with FAR Subparts 14.1 through 14.4 and this attachment. On the solicitation closing date, the CO shall open the agency tender, private sector bids, and public reimbursable tenders. The CO shall enter the price of the apparent lowest priced private sector bid or public reimbursable tender on SCF Line 7, to complete the SCF calculations. The CO shall then evaluate private sector bids for responsiveness and responsibility in accordance with the FAR and determine if SCF Lines 8-18 have been prepared in accordance with Attachment C. The CO shall certify the SCF in accordance with Attachment C. The CO makes the performance decision by certifying the SCF.
  - b. **Negotiated Acquisition.**
    - (1) **Lowest Price Technically Acceptable Source Selection.** An agency shall conduct a lowest price technically acceptable source selection in accordance with FAR 15.101-2 and this attachment. During the source selection process, the CO shall open and evaluate all offers and tenders (including the agency tender) to determine technical acceptability. The performance decision shall be based on the lowest cost of all offers and tenders determined to be technically acceptable. The CO shall conduct price analysis and cost realism as required by this attachment. The CO may conduct exchanges, in accordance with FAR Subpart 15.306 and this attachment, to determine the technical acceptability of each offer and tender. The CO shall enter the lowest contract price or public reimbursable cost on SCF Line 7 to complete the SCF calculations. The CO shall sign the SCF, and the SSA shall certify the SCF, in accordance with Attachment C. The SSA makes the performance decision by certifying the SCF.
    - (2) **Phased Evaluation Source Selection Process.** An agency shall conduct a phased evaluation source selection in accordance with FAR Part 15 and this attachment. In the phased evaluation process, an agency shall evaluate technical capability in phase one and cost in phase two. The performance decision shall be based on the lowest cost of all technically acceptable offers and tenders from all offerors, public reimbursable sources, and the ATO. The solicitation shall require the submission of complete offers and tenders, including separate technical proposals and cost proposals/estimates, by the solicitation closing date. The solicitation shall permit submission of alternate performance standards that differ from the solicitation's performance standards. To differentiate between the alternate standards and the solicitation's standards, the solicitation shall require that offers and tenders include a compliance matrix specifying (a) the alternate performance standards; (b) an explanation of how the alternate standards differ from the solicitation standards; (c) the cost of meeting each alternate standard; (d) the cost difference between the alternate and solicitation standard; (e) a cost-benefit analysis explaining the rationale for each alternate standard; and (f) proposed language to include alternate performance standards in an amended solicitation. If the agency receives no alternate performance standards, or does not accept any of the alternate

standards, then the SSA shall determine a performance decision based on the solicitation's performance standards.

- (a) **Phase One.** In phase one, the CO shall open and evaluate the technical proposals (submitted by private sector offerors, public reimbursable sources, and the ATO). The CO shall not open or evaluate agency or public reimbursable cost estimates or private sector price proposals during phase one. The CO may conduct exchanges, in accordance with FAR Subpart 15.306 and this attachment, to determine the technical acceptability of each offer and tender. If an agency receives offers and tenders that include alternate performance standards, the CO shall (1) evaluate each alternate performance; (2) consider the discrete cost or price difference associated with the alternate standard; (3) determine, in consultation with the requiring activity, whether an alternate standard is necessary and, if so, within the agency's budget limitations; and (4) document, in writing, the evaluation of each alternate performance standard. If the SSA accepts an alternate performance standard, the CO shall issue an amendment to the solicitation to (1) identify the specific change to the solicitation's performance standard, without conveying proprietary information about technical approaches or solutions to meet the new performance standard; and (2) request the resubmission of offers and tenders in response to the amended solicitation. Upon receiving revisions to offers and tenders, the CO may conduct exchanges, in accordance with FAR Subpart 15.306 and this attachment, to determine the technical acceptability of each offer and tender.
- (b) **Phase Two.** In phase two, the CO shall perform price analysis and cost realism of private sector cost proposals, public reimbursable cost estimates, and the agency cost estimate, in accordance with this attachment, on all offers and tenders determined to be technically acceptable at the conclusion of phase one. The CO then shall enter the lowest contract price or public reimbursable cost on SCF Line 7 to complete the SCF calculations. The SSA shall certify the SCF and the CO shall sign the SCF in accordance with Attachment C. The SSA shall make the performance decision by certifying the SCF, which is the performance decision document.
- (3) **Tradeoff Source Selection Process.** A tradeoff source selection may be appropriate in a standard competition when an agency wishes to consider award to other than the lowest priced source. An agency may use the tradeoff processes under FAR Subpart 15.101-1 in a standard competition of (a) information technology activities (as defined in Attachment D); (b) commercial activities performed by a private sector source; (c) new requirements; or (d) segregable expansions. An agency also may use a tradeoff source selection process for a specific standard competition if prior to the public announcement of the competition, the CSO (without delegation) (a) approves, in writing, the use of the tradeoff source selection process; and (b) notifies OMB of the approval by forwarding a copy of the written approval. An agency shall not use a tradeoff source selection process for activities currently performed by government personnel except as provided in this paragraph. When an agency uses a tradeoff source selection process in a standard competition, an agency shall comply with FAR Part 15 unless otherwise noted in this attachment. Under a tradeoff source selection process, an agency may select an offer or tender that is not the lowest priced offer or tender only if the decision is within the agency's budgetary limitation. An agency shall not use a tradeoff source selection to justify increases in the agency's budgetary authorization.

Prospective providers may propose alternate performance standards that differ from the solicitation's performance standards. The CO shall conduct price analysis and cost realism as required by this attachment. The CO may conduct exchanges, in accordance with FAR Subpart 15.306 and this attachment. The CO's rationale for tradeoffs shall be (a) documented, in writing; (b) attached to the SCF; and (c) retained with the competition file for the standard competition. The CO shall enter the contract price and public reimbursable cost estimate, for each offer and tender determined to be technically acceptable, on SCF Line 7. The CO then shall sign the SCF. The SSA may decide to award to the low-cost provider, or other than the low-cost provider, as follows:

- (a) **Low Cost Performance Decision.** For a decision to award to the low-cost provider, the SSA shall certify the SCF in accordance with Attachment C. The SSA makes the performance decision by certifying the SCF, which is the performance decision document.
- (b) **Other Than Low Cost Performance Decision.** For a decision to award to other than the low-cost provider, the SSA shall certify the SCF, in accordance with Attachment C, and shall document the following on the SCF (1) a summary of the source selection decision document; (2) a narrative explanation of the tradeoffs performed; and (3) a rationale for the decision to award to other than the low-cost provider. The SSA makes the performance decision by certifying the SCF. The SCF, combined with the source selection decision document, is the performance decision document.

**c. Special Considerations.**

- (1) **Evaluation of Private Sector Offers, Public Reimbursable Tenders, and Agency Tender.** The CO shall not evaluate the private sector offers separately from the agency tender. The CO, SSA, and SSEB shall not (a) convey, require, make, direct, or request adjustments to a tender or offer that would identify any proprietary or procurement sensitive information from another offer or tender; or (b) require, direct, or make specific changes to an offer or tender, including the approach and staffing requirements (e.g., adding a specific number of employee positions to the MEO). The CO shall ensure that oral presentations do not provide an unfair advantage for or inherently benefit a prospective provider, public or private.
- (2) **Exchanges with Private Sector, Public Reimbursable, and Agency Sources.** If the CO conducts exchanges with private sector offerors, public reimbursable sources, and the ATO, during the course of the standard competition, those exchanges shall be in accordance with FAR 15.306, with the following exceptions. For an agency tender, the CO shall correspond with the ATO, in writing, and shall maintain records of all such correspondence as part of the competition file. The CO and ATO shall include clear, sufficient, and unambiguous information in the correspondence to adequately convey concerns, responses, or information regarding the agency tender.
- (3) **Deficiencies in an Offer or Tender.** If the CO perceives that a private sector offer, public reimbursable tender, or agency tender is materially deficient, the CO shall ensure that the ATO, private sector offeror, or the public reimbursable tender official receives a deficiency notice. The CO shall afford the ATO, the private sector offeror, or the public reimbursable tender official a specific number of days to address the material deficiency

and, if necessary, to revise and recertify the tender or offer. If the ATO is unable to correct the material deficiency, the CSO shall determine if a commitment of additional resources will enable the ATO to correct the material deficiency within the specified number of days. If the CSO determines that the ATO cannot correct the material deficiency with a reasonable commitment of additional resources, the CSO may advise the SSA to exclude the agency tender from the standard competition. If the CO determines that a private sector offeror or public reimbursable tender official has not corrected a material deficiency, the SSA may exclude the private sector offer or public reimbursable tender from the standard competition. If the agency tender is excluded from the standard competition, an agency shall calculate the SCF as required by Attachment C and the SSA shall make the performance decision based upon the source selection decision document and shall document the reason for elimination of the agency tender on the SCF.

**(4) Price Analysis and Cost Realism of Private Sector Cost Proposals, Public Reimbursable Cost Estimates and Agency Cost Estimates.**

- (a) General.** Regardless of the contract type stated in the solicitation, the CO shall perform price analysis and cost realism (as defined in FAR Part 2) on all private sector cost proposals, public reimbursable cost estimates (SCF Lines 1a-6a), and the agency cost estimate (SCF Lines 1-6). Cost analysis (in accordance with FAR Part 15) is not required for a standard competition but may be performed at the discretion of the SSA.
- (b) Agency and Public Reimbursable Cost Estimates.** The CO shall ensure that the agency and public reimbursable cost estimates (1) are calculated in accordance with Attachment C; (2) are based on the standard cost factors in effect on the performance decision date; and (3) use the version of the COMPARE costing software that is in effect on the performance decision date.
- (c) Conversion Differential.** All standard competitions shall include the conversion differential. The CO shall ensure that the conversion differential is calculated in accordance with Attachment C and reflected on SCF Line 14. The conversion differential is a cost that is the lesser of 10 percent of the MEO's personnel-related costs (reflected on SCF Line 1) or \$10 million over all the performance periods stated in the solicitation. This conversion differential is added to the cost of performance by a non-incumbent source. If the incumbent provider is a private sector or public reimbursable source, the conversion differential is added to the cost of agency performance. If the agency is the incumbent provider, the conversion differential is added to the cost of private sector or public reimbursable performance. The conversion differential precludes conversions based on marginal estimated savings, and captures non-quantifiable costs related to a conversion, such as disruption and decreased productivity.
- (d) SCF Overview.** As part of the requirement to conduct price analysis and cost realism, the CO shall ensure that the SCF has been prepared in accordance with Attachment C and that the required signatures and certifications are on the SCF. Figure B4. provides an overview of the detailed guidance for developing the agency and public reimbursable cost estimates in Attachment C.



Summary of the Standard Competition Form (SCF)	
COST OF AGENCY PERFORMANCE	
SCF Line 1: <b>Personnel Costs.</b>	Agency labor costs for direct and indirect labor necessary to meet the requirements in the solicitation.
SCF Line 2: <b>Material and Supply Costs.</b>	Agency cost of materials and supplies such as office supplies, including handling and inflation.
SCF Line 3: <b>Other Specifically Attributable Costs.</b>	Other agency costs such as the cost of capital, depreciation capital assets, rent, utilities, insurance, and MEO subcontracts.
SCF Line 4: <b>Overhead Costs.</b>	Twelve percent of agency personnel costs reflected on SCF Line 1.
SCF Line 5: <b>Additional Costs.</b>	Agency costs not otherwise accounted for on SCF Lines 1-4, such as phase-in costs and one-time conversion costs for an expansion, new requirement, or conversion from a private sector or public reimbursable provider to agency performance.
SCF Line 6: <b>Total Cost of Agency Performance.</b>	The sum of SCF Lines 1-5.
COST OF PUBLIC REIMBURSABLE PERFORMANCE	
The guidance for a public reimbursable source to complete SCF Lines 1a-6a is the same as the guidance to complete SCF Lines 1-6.	
ADJUSTED COST OF PRIVATE SECTOR OR PUBLIC REIMBURSABLE PERFORMANCE	
SCF Line 7: <b>Contract Price or Public Reimbursable Cost Estimate.</b>	The contract price (based on the type of acquisition, source selection process, and contract type required by the solicitation), or the public reimbursable cost on SCF Line 6a.
SCF Line 8: <b>Contact Administration Costs.</b>	Costs for administering the contract.
SCF Line 9: <b>Additional Costs.</b>	Costs incurred by the agency that are added to the private sector or public reimbursable provider's price/cost.
SCF Line 10: <b>One-time Conversion Costs.</b>	Costs based on 5% of Line 1, incurred by the agency as a result of awarding a contract.
SCF Line 11: <b>Gain on Assets.</b>	Revenue generated from the sale/transfer of agency assets when converting from agency performance.
SCF Line 12: <b>Federal Income Tax Adjustment.</b>	Revenue for the government when a private sector provider pays federal income tax.
SCF Line 13: <b>Total Adjusted Cost of Private Sector or Public Reimbursable Performance.</b>	The sum of Lines 7-12.
COST OF PERFORMANCE DECISION CALCULATIONS	
SCF Line 14: <b>Conversion Differential.</b>	The lesser of 10% of agency labor costs or \$10 M is added to the non-incumbent provider.
SCF Line 15: <b>Adjusted Total Cost of Agency Performance.</b>	If a private sector or public reimbursable source is the incumbent provider, the conversion differential is added to the cost of agency performance (SCF Line 6) and the sum is the "adjusted total cost of agency performance" on SCF Line 15.
SCF Line 16: <b>Adjusted Total Cost of Private Sector or Public Reimbursable Performance.</b>	If the agency is the incumbent provider, the conversion differential is added to SCF Line 13 and the sum is the "adjusted total cost of private sector or public reimbursable performance" on SCF Line 16.
SCF Line 17: <b>Cost Difference.</b>	SCF Line 15 is subtracted from SCF Line 16 to reflect the "cost difference" on SCF Line 17. A positive number indicates performance decision for agency performance and a negative number indicates a performance decision for a private sector or public reimbursable provider.
SCF Line 18: <b>Low-Cost Provider.</b>	The low-cost provider based on the calculations on the SCF.

Figure B4.

## 6. Performance Decision in a Standard Competition.

- a. **Certification.** To certify a performance decision in a standard competition, the SSA and CO shall sign the SCF.
- b. **End Date.** The end date of a standard competition shall be the date that all SCF certifications are complete, signifying a performance decision. An agency shall not make any changes (including corrections) to the SCF, agency tender, or public reimbursable tender after this date, except in response to a contest under paragraph F of this Attachment.
- c. **Public Announcement of the Performance Decision.** An agency shall make a formal public announcement (at the local level and via *FedBizOpps.gov*) of the performance decision. In the announcement of a performance decision for a sealed bid acquisition, the agency shall include the information made public at bid opening, under FAR Subpart 14.4. In the announcement of a performance decision for a negotiated acquisition, the agency shall

include the information regarding offers and tenders identified in FAR 15.503(b). If an agency tender includes any MEO subcontracts, the agency shall not release proprietary information contained in these subcontracts.

- d. Debriefing.** The SSA shall ensure that the CO offers a debriefing to all private sector offerors, public reimbursable sources, the ATO, and directly affected government personnel (and their representatives), in accordance with FAR 15.503.
- e. Release of the Certified SCF and Tenders.** An agency shall release the certified SCF, agency tender, and public reimbursable tenders, only as provided in this paragraph. Until resolution of any contest under paragraph F. of this Attachment, or expiration of the time for filing a contest, only legal agents for directly interested parties shall have access to the certified SCF, agency tender, and public reimbursable tenders. The agency shall require, as a condition of access, that a legal agent of a directly interested party sign a non-disclosure agreement. The agreement shall provide that a signatory may share the information covered by the agreement only with other signatories, and only for purposes of challenging the performance decision. Upon resolution of a contest challenging a performance decision (i.e., when the agency renders a written decision in compliance with FAR Subpart 33.103, as required by paragraph F.1.b. of this Attachment), or expiration of the time for filing such a contest, the certified SCF, agency tender, and public reimbursable tenders, shall be available to the public, upon request. Proprietary information of private sector providers of sub-contracts included in agency or public reimbursable tenders shall not be released.
- f. Implementing a Performance Decision.** An agency shall implement the performance decision resulting from a standard competition as follows:

  - (1) Private Sector Provider.**

    - (a) Awarding the Contract.** For a performance decision favoring a private sector source, the CO shall award a contract in accordance with the FAR.
    - (b) Right of First Refusal.** When the agency is the incumbent service provider, the CO shall comply with FAR 7.305(c) regarding the right of first refusal. The HRA shall provide the CO with a list of adversely affected employees as soon as possible after the performance decision is made.
  - (2) Public Reimbursable Provider.** For a performance decision favoring a public reimbursable source, the CO shall develop a fee-for-service agreement with the public reimbursable source. The CO shall incorporate appropriate portions of the solicitation and public reimbursable tender into the fee-for-service agreement and distribute the agreement to the appropriate individuals.
  - (3) Agency Provider.** For a performance decision favoring the agency, the CO shall establish an MEO letter of obligation with an official responsible for performance of the MEO. The CO shall incorporate appropriate portions of the solicitation and the agency tender into the MEO letter of obligation and distribute the letter to appropriate individuals including the ATO.

**E. POST COMPETITION ACCOUNTABILITY FOR STREAMLINED AND STANDARD COMPETITIONS.**

- 1. Best Practices and Lessons Learned.** Agencies shall post best practices and lessons learned resulting from a streamlined or standard competition process on SHARE A-76! at <http://emissary.acq.osd.mil/inst/share.nsf/>. An agency shall maintain the accuracy and currency of their agency's information, including links, on SHARE A-76!
- 2. Execution Tracking of Streamlined and Standard Competitions.** Agencies shall maintain a database to track the execution of agency streamlined and standard competitions. Agencies shall maintain a database that (1) assigns a unique tracking number to each streamlined and standard competition, (2) includes data fields as defined on the OMB web site at [www.omb.gov](http://www.omb.gov), (3) tracks each streamlined and standard competition as events occur (real-time) from the date of public announcement through either completion of the last performance period or cancellation of the competition, and (4) retains historical records of streamlined and standard competitions after the last performance period has been completed.
- 3. Competitive Sourcing Quarterly Report.** An agency shall submit a Competitive Sourcing Quarterly Report to OMB, by the end of each fiscal quarter (December, March, June, September), that includes the following (1) in-progress streamlined and standard competitions (i.e., competitions with start dates and pending performance decisions); and (2) completed streamlined and standard competitions (i.e., competitions with performance decisions). The required format for these reports can be found on the OMB web site at [www.omb.gov](http://www.omb.gov).
- 4. Monitoring Performance.** Regardless of the selected service provider, after implementing a performance decision, an agency shall (1) monitor performance for all performance periods stated in the solicitation; (2) implement the quality assurance surveillance plan; (3) retain the solicitation and any other documentation from the streamlined or standard competition as part of the competition file; (4) maintain the currency of the contract file, consistent with FAR Subpart 4.8, for contracts, MEO letters of obligation, and fee-for-service agreements; (5) record the actual cost of performance by performance period; and (6) monitor, collect, and report performance information, consistent with FAR Subpart 42.15, for purposes of past performance evaluation in a follow-on streamlined or standard competition. To record the actual cost of performance for a specific performance period, the agency shall adjust actual costs for scope, inflation, and wage rate adjustments made during a specific performance period. The agency shall compare the actual costs to the costs recorded on SCF Lines 6 and 7 when the performance decision was made.
- 5. Option Years of Performance and Follow-on Competition.**
  - a. Option Years of Performance.** The CO shall make option year exercise determinations for agency, public reimbursable, and private sector performance decisions in accordance with FAR 17.207. Consistent with the FAR, the CO shall not approve performance periods that exceed the total number of years specified in the solicitation used in the standard competition.
  - b. Follow-on Competition.** For agency or public reimbursable performance decisions, an agency shall complete another streamlined or standard competition of the activity by the end of the last performance period on the SCF or SLCF unless a specific exemption is granted by the CSO (without delegation) before the end of the last performance period. The CSO may extend the performance period for a high performing organization if the CSO (a) determines that continued cost savings justifies the extension; (b) documents these cost savings through

the use of a COMPARE generated SCF or SLCF; (c) limits the extension to no more than 3 years after the last performance period; and (d) makes a formal announcement of the extension via *FedBizOpps.gov*. For private sector performance decisions, the CO shall comply with the FAR for follow-on competition.

**6. Terminations.**

**a. Terminations Based on Failure to Perform.**

- (1) **Notification.** Consistent with FAR Part 49, the CO shall notify a service provider (i.e., private sector contractor, public reimbursable provider, or MEO) of poor performance through cure notices and show cause notices. The CO shall inform the head of the requiring activity of such notices.
- (2) **Termination.** If the CO determines that a service provider (i.e., private sector contractor, public reimbursable provider, or MEO) has failed to perform to the extent that a termination for default is justified, the CO shall issue a notice of termination, consistent with FAR Part 49. Upon terminating an MEO letter of obligation, an agency shall change the inventory coding to reflect that the activity is no longer performed by an MEO and shall perform either a streamlined or standard competition.
- (3) **Temporary Remedies.** If the CO terminates a contract, fee-for-service agreement, or MEO letter of obligation for the service provider's failure to perform, an agency may use interim contracts, public reimbursable sources, or government personnel on an emergency basis. An agency shall not allow these temporary remedies to be used for longer than one year from the date of termination.

- b. Terminations Based on Reasons Other than Failure to Perform.** If an agency determines that performance by a service provider (i.e., private sector contractor, public reimbursable, or MEO) is to be terminated for reasons other than failure to perform, the CSO (without delegation) shall approve such terminations, in writing, and provide a copy to OMB before the termination. Examples of these terminations include, but are not limited to, elimination of an agency requirement through divestiture, privatization, reorganization, restructuring, national defense, or homeland security.

**F. CONTESTS.**

1. **Standard Competitions.** A directly interested party (see Attachment D) may contest any of the following actions taken in connection with a standard competition: (1) a solicitation; (2) the cancellation of a solicitation; (3) a determination to exclude a tender or offer from a standard competition; (4) a performance decision, including, but not limited to, compliance with the costing provisions of this circular and other elements in an agency's evaluation of offers and tenders; or (5) a termination or cancellation of a contract or letter of obligation if the challenge contains an allegation that the termination or cancellation is based in whole or in part on improprieties concerning the performance decision. The pursuit of a contest by a directly interested party and the resolution of such contest by the agency shall be governed by the procedures of FAR Subpart 33.103.
2. **Streamlined Competitions.** No party may contest any aspect of a streamlined competition.